



Senate

General Assembly

February Session, 2006

File No. 236

Senate Bill No. 546

Senate, March 30, 2006

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT AUTHORIZING MUNICIPALITIES TO ABATE TAXES ON OPEN SPACE LAND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2006, and applicable to assessment*
2 *years commencing on or after October 1, 2006*) (a) As used in this section:

3 (1) "Municipality" means any city, town, borough, district or
4 association with municipal powers; and

5 (2) "Open space land" means any area of land, including forest land,
6 the preservation or restriction of the use of which would (A) maintain
7 and enhance the conservation of natural or scenic resources, (B) protect
8 natural streams or water supply, (C) promote conservation of soils,
9 wetlands, beaches or tidal marshes, (D) enhance the value to the public
10 of abutting or neighboring parks, forests, wildlife preserves, nature
11 reservations or sanctuaries or other open spaces, (E) enhance public
12 recreation opportunities, (F) preserve historic sites, or (G) promote
13 orderly urban or suburban development.

14 (b) Any municipality may, by ordinance adopted by its legislative
15 body, establish a program under which property taxes may be abated
16 in exchange for the transfer to the municipality of development rights,
17 conservation easements, rights-of-way or any combination thereof, to
18 open space land. Such ordinance shall include, but not be limited to,
19 provisions for requirements for application for the abatement, which
20 shall include a certified appraisal of the property proposed for
21 abatement both with and without development rights.

22 (c) The abatement shall be equal to the value of the open space land,
23 prorated for a period of not more than ten years. If the property is sold
24 to the municipality, the abatement may be applied to any other taxable
25 property in the municipality owned by the applicant.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	New section

PD *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill allows municipalities that choose to do so to establish a program to abate property taxes in exchange for the transfer of open space land to it. Therefore such municipality could increase its mill rate or modify spending to offset any decrease in property taxes as a result of the abatement.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis
SB 546***AN ACT AUTHORIZING MUNICIPALITIES TO ABATE TAXES ON OPEN SPACE LAND.*****SUMMARY:**

This bill allows municipalities, including boroughs and special taxing districts, to abate property taxes on open space land that meets the bill's criteria. The abatement is for 10 years and must equal 10% of the land's fair market value per year. A municipality must adopt an implementing ordinance if it wants to offer the abatement.

EFFECTIVE DATE: October 1, 2006 and applicable to assessment years beginning on or after that date.

OPEN SPACE LAND

Municipalities can abate the taxes for open space land, including forests, if preserving or restricting its use would:

1. maintain and enhance the conservation of natural or scenic resources;
2. protect natural streams or water supplies;
3. promote soil, wetlands, beach, and tidal marsh conservation;
4. enhance the public value of abutting or neighboring parks, forests, wildlife preserves, nature reservations or other sanctuaries, or other open spaces;
5. enhance public recreation opportunities;
6. preserve historic sites; or
7. promote orderly urban or suburban development.

ORDINANCE

Municipalities that choose to offer the abatement must do so by adopting an ordinance to implement it. The ordinance must authorize the abatement if the property's owner agrees to transfer the land's development rights to the municipality or give conservation easements or right-of-way to the land. The ordinance must specify how owners may apply for the abatement and require that the land's value be appraised with and without the development rights.

ABATEMENT

The total abatement equals 100% of the open space land's fair market (instead of assessed) value, but the owner must claim 10% of that value per year over 10 years. If the owner sells the property to the municipality during that period, he can apply the remaining portion of the abatement to any of this other taxable properties within that municipality.

BACKGROUND**490 Program**

By law, tax assessors must classify farms, forests, and open space land under the 490 Program and assess them based on their current use value without regard to their potential resale or fair market value (i.e., the highest and best use one can make of undeveloped land). Assessing land based on its current use yields a lower assessment and, consequently, a lower tax bill than if it were taxed based on its fair market value.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 17 Nay 0 (03/17/2006)